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SunZia Project Promises Jobs

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A 500-mile-long, \$1.5 billion high-voltage transmission system linking New Mexico and Arizona would create thousands of jobs, spur renewable energy development and bolster tax revenues in mostly rural areas in both states, a new report released Tuesday shows.

The joint New Mexico State University/University of Arizona study estimates that between the two states, the SunZia Southwest Transmission Project would create 6,200 jobs during a four-year construction period and more than 120 permanent jobs during operation.

The SunZia Southwest Transmission Project is intended to deliver electricity generated by renewable energy sources like wind and solar. (COURTESY OF SUNZIA)

For New Mexico, that would be 3,900 jobs during construction — expected to begin in 2013 — and 40 permanent jobs, the study says. That would translate into more than \$275 million in estimated wages and salaries, including benefits, and more than \$65 million in state and local taxes during construction, and more than \$2 million a year in wages and salary during operation, it says. Property tax revenues in the first year of operation would exceed \$8 million.

“But what really propels the job and salary numbers are the wind and solar generation projects that SunZia enables,” said report co-author Anthony Popp of NMSU.

The study concludes that renewable energy development spurred by the SunZia system in the two states could create 36,700 jobs during the average two-year construction period and more than 480 permanent jobs. For New Mexico, that would be 20,700 jobs during the construction period and more than 290 permanent jobs, the study says.

“SunZia decided to commission this study on its own accord,” said Ian Calkins, spokesman for SunZia Transmission LLC, the project developer. “We’ve been so deep in the permitting process, we came to the realization we’re not doing a good enough job of selling this project publicly and touting all of the tremendous benefits.”

SunZia Transmission LLC consists of five participants — SouthWestern Power Group, Shell WindEnergy, Tri-State Transmission and Generation, Salt River Project and Tucson Electric Power — that have spent millions of dollars to finance permitting and development of the project, Calkins said.

Those companies are still working out whether they will fund construction or bring in other businesses or do it in some combination. “We haven’t gotten to that point yet,” he said. SunZia does expect to sell “anchor tenant” access to the line and its capacity to help finance the project.

Gov. Susana Martinez's office on Tuesday said the governor is optimistic about the economic potential of SunZia.

"She believes it could have an important positive impact on the state's energy economy and benefit New Mexicans through job opportunities and royalties from energy production in the future," spokesman Scott Darnell said.

The project would construct two parallel 500-kilovolt AC transmission lines, suspended from towers 130 to 160 feet tall, and five electrical substations at a cost of about \$1.5 billion, according to the study.

The system would take a path from the Moriarty area south to the Las Cruces area and then west to the Casa Grande, Ariz., area to serve Western markets. It would be able to deliver up to 3,000 megawatts from new renewable generation projects, or enough to power 1 million homes, according to SunZia Transmission LLC.

Three hundred miles of the transmission lines and three substations would be in New Mexico, according to the study.

A federal review process has been ongoing for months and a draft environmental impact study identifying a preferred route is expected to be released in January, Calkins said.

Construction is planned to start on the first line in 2013, with the second line in 2014. Initial operation would be in 2016, he said.

"We know there are significant plans for development of generation projects," Calkins. "We are of the belief that once SunZia is up and running and has capacity, we'll see those generation projects come to fruition."

The study — which can be viewed in detail at http://sunzia.net/project_information.php?show_tab=economic — contains a county-by-county economic analysis of the project's impact, including 13 counties in New Mexico.

"What we found most striking from the data we compiled was the positive economic effect SunZia would have on rural economies in Arizona and New Mexico, many of which are struggling with extremely high unemployment rates," said co-author Alberta Charney of the University of Arizona.

The authors noted that if the project was configured to include a DC or direct current line in place of one of the AC or alternating current lines, jobs, salaries and tax revenue impacts would increase.

"(DC) could increase capacity on the line significantly," Calkins said. "But there are downsides. It's more difficult to load and offload renewable generation along a DC line. It gets very costly to build a converter station on a DC line."

DC was the preferred current in the late 1800s, but it tended to lose power much faster along transmission lines compared with AC. AC eventually won out and became the standard in the United States. It is what comes out of outlets in homes and offices.